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FORM 10-Q

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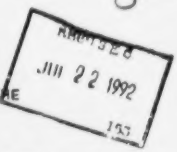
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 2-90939C

AMERIHOST PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	36-3312434
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2400 E. Devon Avenue, Suite 280, Des Plaines, IL 60018
(Address of principal executive offices)
(Zip Code)

PROCESSED BY
21-21-V
JUL 27 1992

(708) 298-4500
(Registrant's telephone number, including area code)

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10Q

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of July 20, 1992, there were 2,144,726 shares outstanding of the registrant's common stock.

AMERIHOST PROPERTIES, INC.

FORM 10-Q

FOR THE SIX MONTHS ENDED JUNE 30, 1992

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Part I: Financial Information

Item 1. Financial Statements

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	June 30, 1992	December 31, 1991
Current assets:		
Cash	$ 274,644	$ 341,495
Accounts receivable (including $1,598,552 and $1,228,334 from related parties)	2,785,653	1,440,113
Notes receivable related parties	818,705	345,324
Prepaid expenses and other current assets	158,860	28,108
Costs and estimated earnings in excess of billings on uncompleted contracts	458,458	397,000
Total current assets	4,496,320	2,552,040
Investments	1,318,896	945,133
Property and equipment:		
Land	107,500	107,500
Building	1,012,987	1,004,914
Furniture, fixtures and equipment	708,847	615,599
Leasehold improvements	58,647	34,430
	1,887,981	1,762,443
Less accumulated depreciation and amortization	556,076	491,535
	1,331,905	1,270,908
Long-term notes receivable (including $10,000 and $20,000 from related parties)	1,260,000	520,000
Cost in excess of net assets of subsidiary, net of accumulated amortization of $6,474 at June 30, 1992, and $ 5,754 at December 31, 1991	38,841	39,561
Organization costs, net of accumulated amortization of $13,913 at June 30, 1992, and $11,825 at December 31, 1991	15,277	3,874
Franchise fee and other assets, net of accumulated amortization of $201,475 at June 30, 1992 and $86,623 at December 31, 1991	1,443,703	766,816
	2,757,821	1,330,251
	$ 9,904,942	$ 6,098,332

(continued)

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (continued)
(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 1992	December 31, 1991
Current liabilities:		
Notes payable, bank	$ 1,150,000	$ 900,000
Notes payable, related parties	625,000	
Notes payable, other	375,000	
Current portion of long-term debt	39,084	40,978
Accounts payable	1,564,636	529,712
Accrued expenses and other current liabilities	423,708	142,975
Total current liabilities	4,177,428	1,613,665
Long-term debt, net of current portion	2,164,305	2,182,280
Deferred income	693,714	552,290
Commitments		
Minority interests	38,718	42,160
Shareholders' equity		
Preferred stock, no par value; authorized 100,000 shares; none issued		
Common stock, $.005 par value; authorized 15,000,000 shares; issued 2,144,726 shares at June 30, 1992 and 1,726,798 at December 31, 1991	10,724	8,633
Additional paid-in capital	3,266,961	2,392,121
Deficit	(446,188)	(692,097)
	2,831,497	1,708,657
Less stock subscriptions receivable	720	720
	2,830,777	1,707,937
	$ 9,904,942	$ 6,098,332

See notes to consolidated financial statements.

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three months ended June 30, 1992	Three months ended June 30, 1991	Six months ended June 30, 1992	Six months ended June 30, 1991
Revenue:				
Sales	$ 7,243,099	$ 1,427,065	$ 11,718,521	$ 3,620,106
Interest income	43,580	9,816	79,370	30,438
	7,286,679	1,436,881	11,797,891	3,650,544
Expenses:				
Cost of sales	5,019,668	811,488	7,994,657	2,405,821
General and administrative	1,703,463	536,329	3,180,837	1,005,235
Depreciation and amortization	96,103	39,420	182,202	78,148
Interest expense	92,140	66,008	173,433	128,878
	6,911,375	1,453,245	11,531,129	3,618,082
Income (loss) before minority interests and equity in net loss of affiliates	375,304	(16,364)	266,762	32,462
Minority interests in net (income) loss of subsidiary	(8,756)	(13,919)	3,442	1,828
Equity in net income (loss) of affiliates	45,690	47,632	(24,295)	18,157
Income before taxes on income and extraordinary item	412,238	17,349	245,909	52,447
Taxes on income	164,800		98,350	
Income before extraordinary item	247,438	17,349	147,559	52,447
Extraordinary item (utilization of net operating loss carryforward)	164,800		98,350	
Net income	$ 412,238	$ 17,349	$ 245,909	$ 52,447
Earnings per share:				
Primary	$ 0.14	$ 0.01	$ 0.09	$ 0.03
Fully diluted	$ 0.14		$ 0.08	

See notes to consolidated financial statements.

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 1992
(Unaudited)

	1992	1991
Cash flows from operating activities:		
Cash received from customers	$ 10,445,031	$ 3,130,751
Cash paid to suppliers and employees	(10,140,915)	(3,782,637)
Interest received	102,636	30,438
Interest paid	(176,789)	(128,878)
Net cash provided from (used in) operating activities	229,963	(750,326)
Cash flows from investing activities:		
Distributions from affiliates	18,651	27,915
Purchase of equipment	(125,538)	(81,653)
Purchase of investments	(421,435)	(48,583)
Increase in notes receivables	(1,225,040)	
Collections on notes receivables	11,659	
Net cash used in investing activities	(1,741,703)	(102,321)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt		412,500
Proceeds from issuance of notes payable	1,000,000	
Proceeds from line of credit	250,000	
Increase in deferred offering costs	(69,617)	(97,538)
Principal payments of long-term debt	(19,869)	(52,655)
Proceeds from issuance of common stock	284,375	
Repayment of line of credit		(475,000)
Net cash provided from (used in) financing activities	1,444,889	(212,693)
Net decrease in cash	(66,851)	(1,065,340)
Cash, beginning of period	341,495	1,313,610
Cash, end of period	$ 274,644	$ 248,270

(continued)

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30,
(Unaudited)

	1992	1991
Reconciliation of net income to net cash provided from (used in) operating activities:		
Net income	$ 245,909	$ 52,447
Adjustments to reconcile net income to net cash provided from (used in) operating activities:		
Depreciation and amortization	182,202	78,148
Equity in net loss of affiliates before amortization of deferred income	39,646	35,924
Minority interests in net loss of subsidiary	(3,442)	(1,828)
Amortization of deferred income	(15,351)	(54,081)
Amortization of deferred interest	(5,358)	
Compensation paid through issuance of common stock	105,971	79,175
Changes in assets and liabilities:		
Increase in accounts receivable	(1,329,165)	(307,213)
Increase in interest receivable	(16,376)	
Increase in prepaid expenses and other current assets	(130,752)	(115,766)
Decrease (increase) in costs and estimated earnings in excess of billings	(61,458)	(244,229)
Decrease (increase) in other assets	(259,653)	170
Increase in accounts payable	1,038,280	(349,021)
Increase in accrued expenses and other current liabilities	280,733	13,861
Decrease in accrued interest	(3,356)	
Increase in deferred interest	45,000	
Increase in deferred income	117,133	62,087
Net cash provided from (used in) operating activities	$ 229,963	$ (750,326)

Supplemental schedule of noncash investing and financing activities:

Purchase of investments and other assets through issuance of common stock	$ 486,585

See notes to consolidated financial statements.

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 1992 AND 1991

1. Organization and summary of significant accounting policies:

Basis of preparation:

The financial statements included herein have been prepared by the Company, without audit. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments, which consist only of recurring adjustments necessary to present fairly the financial position of Amerihost Properties, Inc. and subsidiaries as of June 30, 1992 and December 31, 1991 and the results of its operations for the six-month periods ended June 30, 1992 and 1991, and statements of cash flows for the six months ended June 30, 1992 and 1991. The results of operations for the six months ended June 30, 1992 and 1991, are not necessarily indicative of the results to be expected for the full year. It is suggested that the accompanying financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1991 Annual Report on Form 10-K.

Principles of consolidation:

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Amerihost Lodging Group, Inc., Amerihost Development, Inc., Amerihost Management, Inc., Amerihost Renovations, Inc., Amerihost Staffing, Inc., API of Indiana, Inc., AP Equities of Ohio, Inc., Shorewood Investors, Inc., Schiller Park Investors, Inc., Hammond Investors, Inc., Niles Illinois Hotel Corporation, AP Equities of Arkansas, Inc., AP Properties of Ohio, Inc., Shorewood Hotel Investments, Inc., AP Equities of Indiana, Inc. AP Lodging of Ohio, Inc., and a 45.7 percent owned partnership, Sullivan Motel Associates, Ltd. Significant intercompany accounts and transactions have been eliminated.

Construction accounting:

Development fee revenue from construction/renovation projects is recognized over the period beginning with the execution of contracts and ending with the commencement of construction/ renovation.

AMERIHOST PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 1992 AND 1991

1. Organization and summary of significant accounting policies: (continued)

Construction accounting: (continued)

Construction fee revenue from construction/renovation projects, including the Company's share of joint venture projects, is recognized on the percentage-of-completion method, generally based on the ratio of costs incurred to estimated total contract costs. Revenue from contract change orders is recognized to the extent costs incurred are recoverable. Profit recognition begins when construction reaches a progress level sufficient to estimate the probable outcome. Provision is made for anticipated future losses in full, at the time they are identified.

Revisions of estimates of profits or losses are recognized in the periods when facts supporting this reestimation becomes known. Revenue from claims for additional compensation is recorded when settled.

Investments:

Investments in affiliates are accounted for using the equity method, under which method the original investment is increased (decreased) by the Company's share of affiliates' earnings (losses), and is reduced by dividends or distributions when received. Other investments are recorded at cost.

Property and equipment:

Property and equipment are stated at cost. Depreciation is being provided for assets placed in service by use of the straight-line and accelerated methods over their estimated useful lives. Leasehold improvements are being amortized by use of the straight-line method over the term of the lease.

For each classification of property and equipment, depreciable periods are as follows:

1. Organization and summary of significant accounting policies: (continued)

Property and equipment: (continued)

Building	31.5 years
Furniture, fixture and equipment	5-7 years
Leasehold improvements	3 years

Cost in excess of net assets of subsidiary:

Cost in excess of net assets of Sullivan Motel Associates, Ltd. is amortized on a straight-line basis over a period of 31.5 years.

Organization costs:

Organization costs are being amortized by use of the straight-line method over a period of five years.

Franchise fee:

Sullivan Motel Associates, Ltd., paid an initial franchise fee to Days Inn of America for its franchise in Sullivan, Indiana. This franchise fee is being amortized by use of the straight-line method over the franchise term of 20 years.

Reclassifications:

Certain reclassifications have been made to the previously reported 1991 statements in order to provide comparability with the 1992 statements. These reclassifications have not changed the 1991 results.

2. Convertible Debentures:

During 1990, the Company engaged Hamilton Investments, Inc. ("Hamilton") of Chicago, Illinois to be the Company's corporate financial advisor. Pursuant to an Offering Memorandum dated November 1, 1990, the Company through Hamilton offered in a private placement 1,500 units (subject to increase to 2,000 units) each unit consisting of a $1,000

2. Convertible Debentures: (continued)

principal amount 12% convertible subordinated note due April 30, 1994, and 125 redeemable common stock purchase warrants at a price of $1,000 per unit. The minimum subscription was 25 units, however, the Company had the right to accept subscriptions for less than 25 units.

The notes are unsecured, and are subordinated in right of payment to all senior indebtedness of the Company, which includes virtually all of the Company's debt. Unless earlier redeemed by the Company, the notes are convertible into shares of common stock of the Company at a conversion rate of 250 shares of common stock for each $1,000 principal amount Note (equivalent to a conversion price of $4.00 per share), subject to certain adjustments. The noteholders' right to conversion shall commence at the earlier of either (i) one year from the date of issuance, or (ii) immediately prior to the filing date of a registration statement filed by the Company with the SEC for a secondary equity offering. Under certain conditions, the Notes are redeemable at the option of the Company, commencing after the dates indicated at a redemption price equal to:

Redemption Date	Redemption Price*
After April 30, 1992	104%
After April 30, 1993	102%

* of the principal amount, plus accrued interest through redemption date.

Each unit contains a common stock purchase warrant representing the right to purchase 125 shares of the Company's Common Stock at an exercise price of $4.00 per share for a period of five years from the date of issuance of the warrants. The warrants are redeemable, at the option of the Company upon 30 days written notice during their exercise period, for a redemption price of $0.50 per warrant. The holders of the warrants have the right to exercise their warrants during such 30 day period.

Through the final closing in March, 1991, the Company realized $1,069,500 in net proceeds ($1,162,500 gross proceeds less an

2. **Convertible Debentures:** (continued)

8% commission) from the sale of 1,162.5 units, and issued purchase warrants for a total of 145,324 shares of common stock.

3. **Earnings per share:**

1991:

Computations of earnings per share are based upon the weighted average number of common shares outstanding during each period (1,667,551 and 1,654,982 for the three months and six months ended June 30, 1991, respectively).

1992:

Primary earnings per share were computed by dividing adjusted net income by the weighted average number of shares of common stock and common stock equivalents outstanding each period (2,940,489 and 2,765,068 for the three months and six months ended June 30, 1992, respectively).

Fully diluted earnings per share were computed as above and assume exercise of all outstanding warrants and options (3,010,506 and 2,834,451 for the three months and six months ended June 30, 1992, respectively).

Adjusted net income has been computed by adding to net income the interest expense on the 12% convertible notes ($34,875 and $69,750 for the three months and six months ended June 30, 1992, respectively).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations:

A. Overview

The second quarter of 1992 resulted in record revenues of $7,286,679 and record net income of $412,238. This represents the highest quarterly revenue and net income performance in the Company's history. The significant increase in revenues and the net income can be attributed to two major events which occurred during the first quarter of 1992. These two events will dramatically increase the Company's revenues beginning in 1992, and will cause the Company's net income/loss to be much more seasonal than in the past.

The first event was the establishment of an employee leasing subsidiary, which began operations in January, 1992. This wholly-owned subsidiary currently employs approximately 1,950 employees, which it leases to the hotels managed by the Company. As a result, the Company's cost of sales includes the gross payroll and related payroll tax and other benefit costs associated with these employees. The Company's revenues include an amount equal to the cost of sales, plus a percentage of these costs for administration.

The second event was the negotiation of leases for five hotels owned by partnerships in which the Company has an interest. Prior to 1992, the Company managed the hotels for the partnerships. Beginning in 1992, the Company is leasing the hotels from the partnerships. As a result, the Company's revenues and expenses include 100% of the activity from these hotels instead of including only the Company's share of its equity in the net income or loss of the partnerships. This change will dramatically increase the Company's revenues and expenses from its hotel operations segment. In addition, since hotel operations are seasonal, it is anticipated that during the first and fourth quarters of each year, the hotel operations segment will experience losses or reduced net income. This segment contributed approximately $135,000 to the Company's second quarter income.

The Company has continued its development, construction and renovation activities during the second quarter. Contributing to the second quarter construction/development revenues and income were three new construction projects, all of which are expected to open in August, 1992. These projects are expected to generate approximately $4,200,000 in

A. **Overview** (continued)

revenues over the life of the projects. The first, a 61 room motel in Lancaster, Ohio, began construction in March, 1992. This property is an interior corridor motel with an indoor pool, similar to those the Company has constructed in Athens, Marysville and Oxford, Ohio, and will be the second motel to carry the Amerihost Inn name. The Company owns a 10% general and a 10% limited partnership interest in the entity which owns the motel. Upon completion, the Company will co-manage this property with its joint venture partner, SJB Equities, Inc. ("SJB"). This project represents the sixth undertaken with SJB.

The second project is a 62 room exterior corri or Days Inn motel in Ashland, Ohio. This project is being undertaken through a joint venture with Puissant Group, Inc., the Company's partner in the Days Inn Sullivan, Indiana. The Company has no ownership interest in the property and will manage the motel once it is opened.

The third project is a 61 room motel in Plainfield, Indiana, which began construction in April, 1992. This property is an interior corridor motel with an indoor pool, similar to the one the Company is constructing in Lancaster, Ohio, and will be the third motel to carry the Amerihost Inn name. It also represents the sixth new construction project undertaken with The R.R.A. Group of Ohio ("R.R.A."). The Company owns a 25% general partnership interest in the entity which owns the motel. Upon completion, the Company will co-manage this property with R.R.A.

During the second quarter of 1992, the Company completed negotiations for two hotels in Ohio. The first is a 107 room hotel in New Philadelphia, Ohio for which the Company entered into a five year lease with one five year renewal option and an option to purchase at any time during the ten year term. This hotel was an independent and has been converted to a Days Inn. The Company is currently renovating the hotel for cost plus a percentage. The second hotel is a 120 room Holiday Inn in Middletown, Ohio. The Company formed a partnership which acquired the hotel from a California based financial institution. The Company owns 20% of this partnership as a general partner and 8.59% as a limited partner. The Company is currently managing both of these hotels for a percentage of total revenues.

During the second quarter of 1992, the Company's motel management division continued its significant growth. Management fee revenues for the second quarter of 1992

A. **Overview** (continued)

increased 98.4% over the second quarter of 1991. Contributing significantly to this increase was the acquisition of management contracts for six hotels and one condominium complex from Kansas-based Grand American Hotel Management, Inc.. This acquisition was completed in May, 1992. In addition to adding seven properties and over 900 rooms to the Company's list of managed properties, this transaction was significant in that it allowed the Company to branch out into three more states in the Midwest and Southwestern United States. In addition to the management fee revenues the Company expects to earn under the contracts, the Company also completed extensive market and renovation studies for which it received fees during the second quarter of 1992. These contracts, together with the hotels in New Philadelphia and Middletown, Ohio brings the total number of properties managed by the Company to 52 at June 30, 1992 compared to 42 at December 31, 1991.

Due to the increase in hotel operations and the establishment of the Company's employee leasing subsidiary, both of which are affected by seasonal fluctuations in hotel occupancy, revenues in the first and fourth quarter calendar quarters are expected to be weaker than those of the second and third quarters. The Company recognized sharply higher revenues in the second quarter of 1992 as compared to the second quarter of 1991, and also recognized significantly higher net income.

B. **Results of Operations**

Total revenues for the three months ended June 30, 1992 were $7,286,679 as compared to $1,436,881 for the same three month period in 1991. Development/construction revenues for the second quarter of 1992 were approximately 147% higher than the second quarter of 1991, increasing from $971,164 to $2,399,908, due primarily to the three projects under construction in Ashland and Lancaster, Ohio and Plainfield, Indiana. Management fee income of $658,664 for the second quarter of 1992 represents an 98.4% increase over the management fees of $331,933 for the second quarter of 1991. Second quarter revenues for the Company's hotel operations segment increased from $156,540 in 1991 to $1,522,594 in 1992.

This increase is attributable to the revenues generated by the five hotels which the Company began leasing January 1, 1992. The Company's new employee leasing subsidiary

B. **Results of Operations** (continued)

generated $2,661,971 in revenues during the second quarter of 1992. This segment was not in existence in 1991.

Cost of sales for the second quarter of 1992 were $5,019,668 as compared to $727,430 for the same three months in 1991. This increase can be attributed to the significant increase in construction activity during 1992 which accounted for cost of sales of $1,982,797 compared to $651,814 for the same quarter in 1991. The inclusion of the Company's new employee leasing segment generated $2,586,435 in cost of sales for the quarter in 1992. In addition, cost of sales for the second quarter of 1992 includes $376,500 from its hotel operations segment, as compared to $37,247 in 1991.

General and administrative expenses increased from $620,387 for the three months ended June 30, 1991 to $1,703,463 for the three months ended June 30, 1992. This increase is due primarily to the hotel operations segment which accounted for $885,010 in general and administrative expenses in 1992 as compared to $50,192 in 1991. In addition, the employee leasing segment which was not in existence in 1991, incurred $31,422 in general and administrative expenses in 1992. General and administrative expenses, without those expenses attributable to the employee leasing and hotel operations segments, increased 38.0%, from $570,195 in 1991 to $787,031 in 1992. This increase can be attributed primarily to the increased administrative costs and overhead associated with the administration and growth of the motel management division. In addition, the Company's office facilities were expanded in the Fall of 1991 resulting in increased rental expense.

Interest expense increased from $66,008 for the three months ended June 30, 1991 to $92,140 for the three months ended June 30, 1992. This increase can be attributed to increased borrowings against the Company's lines of credit for purposes of loans made to the project in Dayton, Ohio and loans made in connection with the Diversified Innkeepers and Grand American management contract acquisitions in November, 1991 and May, 1992, respectively. Depreciation and amortization expense increased from $39,420 for the three months ended June 30, 1991 to $96,103 for the three months ended June 30, 1992. The most significant factors for this increase were $49,396 in amortization of the Diversified Innkeepers and Grand American management contract acquisition costs and the amortization of costs incurred in connection with the leasing of the five hotels discussed above.

C. **Liquidity and Capital Resources**

Over the years, the Company has financed its growth through a combination of cash provided from operations, long-term debt financing and issuance of common stock. During the first quarters of recent years, the Company has experienced decreases in cash flow from operating and investing activities. The decreases in cash flow from operations has been due primarily to limited construction and development activity. However, during the second quarter of 1992, the Company experienced a positive cash flow from operations. This positive change can be attributed in part to the 1992 second quarter construction activity. In addition, since the hotel industry is seasonal, revenues are typically higher in the second and third quarters. As a result of the inclusion of 100% of the revenues and expenses for the five leased hotels, discussed above, the Company has experienced greater cash flows from its hotel operations division. In addition, its management fee cash flows, which are based on percentages of revenues for the motels the Company manages, reflects the seasonality in the hotel industry.

Decreases in cash flow from investing activities result from the Company's continued investments in the partnerships which own and operate the motels. In addition, during 1992, the Company invested $750,000 in the form of notes receivable from Diversified Innkeepers and Grand American Hotel Management, Inc. as a part of the management contract acquisitions, and loaned $400,000 to the partnership which owns the hotel in Dayton, Ohio. This loan is expected to be repaid during 1992 from the proceeds of financing to be obtained by the partnership.

During the second quarter of 1992, the Company experienced an increase in cash flow from financing activities. This increase is due primarily to the proceeds of common stock issued, a loan of $250,000 which was used to fund the loan made to the partnership which leases the hotel in Dayton, Ohio, and loans in the amount of $750,000 which were used to fund the loans made to Diversified Innkeepers and Grand American.

The Company expects cash flow from operations in the remaining quarters of 1992 and subsequent years to be sufficient to pay the debt service on all existing Company debt. During April, 1992, the Company increased its line of credit with First of America Bank, Northeast, Illinois to $1,000,000, and is currently negotiating to increase the amount of this line of credit.

D. Inflation

Inflation has not, and is not expected to have any significant adverse impact on the Company's operations.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

None required.

(b) Reports on Form 8-K:

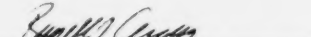
There were no reports on Form 8-K filed during the period covered by this report.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Amerihost Properties, Inc.
Registrant

Date: July 21, 1992

By: 

Title: Russell J. Cerqua,
Treasurer/Senior Vice
President, Finance
(Duly Authorized and Principal
Financial Officer)